TORBAY COUNCIL

Title:	**Counter Fraud & Error 2025-26 – 6 month update**		

Is the information in this report available to the public? Yes (excluding appendix)

Wards Affected:	**All Wards in Torbay**		
To:	**Audit Committee**	On: **29 October 2025**	

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1. Key points and Summary

1.1 This report updates the Audit Committee on counter fraud activity undertaken for the period of 1 April 2025 to 30 September 2025, including progress against the 2024/26 Counter Fraud Plan.

1.2 The report is intended to support members in obtaining assurance the council has robust processes in place to prevent, detect and deter fraud and error.

1.3 The Corporate Counter Fraud and Error team deliver a service across the Council which aims to prevent, detect, and deter fraud, error and criminality related to fraud. The team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), test systems, undertake fraud awareness activities with staff and the public, maintain and update the counter fraud framework and related policies.

1.4 Though this activity, financial losses are prevented, additional revenue is identified for recovery, income is secured though the supply of services, and redress sought in cases of civil or criminal offending. As a hidden crime, fraud presents a unique challenge – we must continue to fundamentally shift our perspective and recognise that finding fraud is itself a success. We can only fight it, if we find it.

2. Introduction

2.1 Fraud is a significant risk to the public sector. It is persistent, diverse, and quickly changing and complex.

2.2 The National Fraud Authority estimates that fraud costs the public sector around £21 billion each year, which is 55% of the total fraud loss in the UK

2.3 The government currently estimates that (excluding covid-19 schemes) fraud and error in the public sector costs between £33 and £58 billion per year, with £2.2 billion cost to Local Government.

2.4 The previous update advised the Government would be introducing a new Fraud, Error and Debt Bill to tackle fraud in the Social Security system. The bill has passed through the House of Commons and the House of Lords and is currently at the consideration of amendments stage before it receives Royal Assent.

2.5 The Treasury has launched a new covid-19 fraud reporting service and website to enable members of the public to report suspected covid-19 related frauds. This includes all covid loans, grants, social security and tax benefits. If we receive any reports of suspected fraud relating to these areas, we will refer them directly to this service to ensure they are investigated appropriately and in line with national protocols.

2.6 Torbay continues to receive high profile funding for local projects such as but not limited to £20 million neighbourhood boost, £361,000 Department for Transport

2.7 Alerts to known frauds experienced by Local Authority across the UK are received by the team. Often, more than one Local Authority is targeted by the same fraudsters. This demonstrates fraudsters have no geographical or political boundaries.

2.8 Fraud is recognised by Torbay Council as a corporate risk.

2.9 The Counter Fraud and Corruption Policy sets out the expectations of Torbay Council and describes what is meant by fraud bribery and corruption and outlines the responsibilities of Councillors, Directors, Managers, and employees.

2.10 The Counter Fraud Manager is also the Councils Money Laundering Reporting Officer.

3. Resourcing

3.1 The team has continued to operate with limited qualified counter fraud specialist capability within this reporting period.

3.2 The Devon Assurance Partnership saw the retirement of it Accredited Counter Fraud Manager.

3.3 Both teams work tirelessly to identify and undertake initiatives to plug losses that would otherwise go unidentified by our respective councils.

3.4 With a recognised need to maintain continuity and resilience in fraud prevention and investigation, The two challenges presented an opportunity to bring the remaining expertise together with a view to a more integrated and collaborative approach. By consolidating resources, it is envisaged the teams can support the continued provision of counter fraud services more effectively.

3.5 To provide proof in concept, a secondment of the Torbay Counter Fraud and

Error manager and a Conter Fraud Technician to the Devon Assurance Partnership has commenced although in its infancy.

4. Fraud Prevention and Detection

4.1 The Counter Fraud Manager provides case by case prevention and intelligence support to teams across the council and partner agencies such as Devon and Cornwall Police and Devon and Somerset fire department.

4.2 When undertaking reviews, the fraud support officers identify cases of potential fraud. These cases are added to the case management system for further investigation.

4.3 The Cabinet Office run a national anti-fraud campaign, The National Fraud Initiative (NFI). Participation is mandatory. It is a data matching exercise to assist in the detection area of fraud and error. The main exercise occurs bi-annually with smaller exercises conducted annually. The work is managed and largely maintained by the Counter Fraud and Error Team.

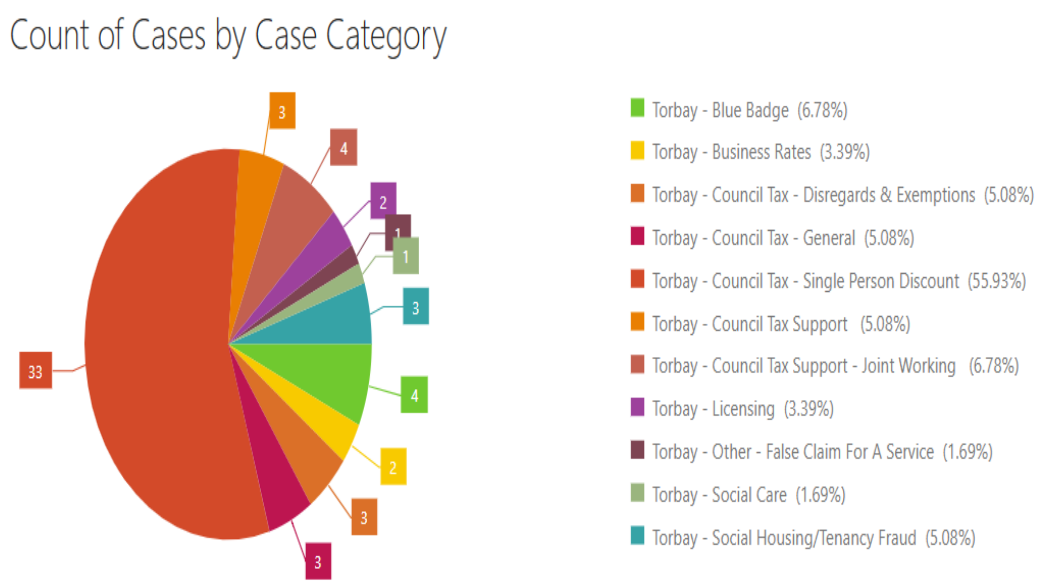
4.4 The main exercise undertaken in the 2025/26 year.

4.5 A procurement exercise concluded where we identified our preferred partners Data-tank to undertake a single persons discount on behalf of Torbay Council.

4.6 The bulk of this exercise has occurred within the first half of this financial year and is expected to complete by the end of October 2025..

4.7 Progress with departmental fraud risk assessments has previously been reported. Internal Audit has been requested to carry out a Counter Fraud Risk Assessment Audit and the findings will be presented as a separate agenda item.

4.8 The team’s work is varied and covers a wide programme of reactive and pro-active investigations. The diagram below demonstrates the diverse nature of the 31 referrals received in the reporting period and the range of case types covered.



4.9 Where it is suspected a person in receipt of Housing Benefit is committing fraud, a referral is made to the DWP. This reporting period has seen 50 referrals.

4.10 The team has carried out 21 landlords fit and proper checks on landlords on behalf of the Housing Standards Team. This figure is excluded from **4.8**.

4.11 Torbay Council is a member of The National anti Fraud Network. This membership provides alerts to national frauds. On receipt, the content is reviewed and internal enquiries are made to establish if Torbay has experienced the same fraud by the same fraudsters.

4.12 The reporting period has seen the provision of 26 alerts where the perpetrators have targeted more than one Local Authority. This figure is excluded from **4.8**.

4.13 Torbay Council has not been victim to any of the nationally reported incidents.

4.14 Torbay Council has identified two potentially national frauds itself and has shared intelligence with the National anti Fraud Network.

4.15 We further use the alerts as a means to raise awareness. Following review of content, communications are issued to individual colleagues or council wide, depending on nature of the alert.

5. Project Areas and Savings

5.1 **Investigations** have taken place throughout the period to identify fraud and error. The benefits received are detailed below. The figures shown for council tax are based on total liability, although the benefit is split between Torbay Council, Devon and Cornwall Police and Devon and Somerset Fire and Rescue Service.

5.2 The reporting period has seen 34 reports of blue badge fraud. This has resulted in 10 cases being referred to the issuing Local Authority or another organisation as Torbay Council does not have jurisdiction to investigate. 14 blue badge holders have been issued with a reminder of the rules and regulations pertaining to blue badge use. A request for 2 Blue badges returns made. 4 cases where the allegation was unfounded or lacked information. 1 case where there were no grounds to pursue the allegation. The remaining investigations

5.2 **Council Tax - Single Persons Discount (SPD) review commences** Following the single person discount amnesty undertaken in 2024/25, partners data-tank have undertaken a targeted review. Unlike previous reviews, this included households also in receipt of the Council Tax Reduction Scheme.

5.3 Data-tank started by screening all SPD recipient households against open source data and credit reference agency data. This identified households where it was likely SPD was incorrectly applied, enabling a targeted approach.

5.4 Each target household were invited to review their Single occupied status. The review anticipated to completed by end October 2025.

5.5 **Council Tax - Unregistered properties** an external provider, procured to undertake this work on a no win no fee basis, identifies properties which were otherwise unregistered for council tax purposes.

5.6 **Council Tax – Unregistered properties** the Torbay Counter Fraud team identified properties which were otherwise unregistered for council tax purposes.

5.7 **Council Tax - Unreported changes in property ownership/occupation** continues as an area of financial risk. The fraud team seek to identify unnotified changes.

5.8 **Council tax – empty homes premium avoidance** Torbay council, alongside many other Local Authorities, made changes to premiums for long term empty properties ranging from 100% through to 400% additional charge. This introduced a new fraud risk. Although the council tax team are aware of the indicators for empty property premium avoidance, it is unlikely all efforts to avoid the premium will be prevented. We have therefore taken a proactive approach to identify homes stood empty but in receipt of an occupied council tax charge.

5.9 **Council Tax – empty second home premium avoidance** the council, alongside many other local authorities, introduced a 100% premium on second homes. The premium introduced on 1 April 2025. This has introduced a new fraud risk. Although the council tax team are aware of the indictors for premium avoidance, we do not anticipate all efforts to avoid the additional charge will be thwarted. We have therefore started to define internal methods for indicators of avoidance alongside seeking external partners who could provide assistance.

5.10 **Undervalued or Unrated Business premises** continues to be an area of financial risk. However, due to the work undertaken internally by the counter fraud and business rates teams and through the external provider, the current risk is reduced evidenced through a decrease in the instances identified.

5.11 **Un-notified change of business owner** continues to be an area of financial risk, as the covid-19 pandemic highlighted business owners do not come forward to register for business rates. The risk remains present, and the team discovers changes because of other work but has not held resources to tackle this area to mitigate the risk to minimise impact.

5.12 **Money Laundering** During the reporting period, the council has investigated no suspected reports of money laundering. Therefore, no reports have been made to the National Crime Agency.

5.13 On 06/06/25 National Anti-Fraud Network provided an alert whereby fraudsters had hijacked a legitimate council account and made multiple payments to the account using many different bank cards. The council concerned had identified the activity, before the fraudsters could request a refund and claim their washed cash.

5.14 We worked with the Incomes Team and the Financial Systems Account Manager to interrogate our systems to provide assurance such an incidence was not happening or had happened in Torbay. Assurance is provided.

5.15 **Investigations** The team consists of 2.8 full time equivalent member of staff, 1 Manger & Counter Fraud Specialist and 1.8 Counter Fraud Technicians/support officers.

Financial year	Cases awaiting review	Number of completed investigations	Cases under investigation
2022/2023	28	0	0
2023/2024	64	22	39
2024/2025	36	33	40
2025/2026	12	70	33

5.16 **Partnership Working** the team conducts investigations in partnership with DWP where appropriate. Sending invitations to the DWP and receiving invitations from the DWP.

	under investigation	Cases closed	Cases prosecuted
2023/24	7	2	0
2024/25	15	1	0
2025/26	21	1	0

5.17 During this reporting period several cases have progressed to the stage of interview under caution. Following these interviews, redeterminations have been made by the relevant departments. As a result, several cases are now being prepared for submission to the Crown Prosecution Service for consideration of legal action.

5.18 The team provides information to the DWP to support its own investigations into Housing Benefit and Universal Credit related frauds.

	Requests received	Requests completed
2025/2026	21	21

5.19 Devon Audit Partnership (DAP) are utilised to assist with investigations and redress once cases have undergone substantive checks by the Torbay Team.

5.20 A part of the redress toolbox, is the option of compliance. This is a structured meeting conducted to assess whether an individual is adhering to relevant laws, regulations or policies or contractual obligations. In the context of local government, it typically involves gathering information and investigating potential fraud. The interview is carried out by a trained officer and may include reviewing documentation, asking targeted questions and recording responses for further analysis or enforcement action.

5.21

	With DAP Awaiting/under investigation	Compliance Interviews Undertaken	Compliance resulting in cashable savings	Cases prosecuted
2023/24	21	4	£2,784.98	0
2024/25	11	7	£21,353.47	0
2025/26	24	0	£0	0

5.22 **Savings Identified**

Scheme	**Number of cases reviewed**	**Number of removals/amendments**	**Cashable Value of amended liability**
Single person Discount Review (data-tank)		343	£248,828
Single Person Discount (NFI)	18	3	£806
NFI report Council Tax Reduction 436.1	96	1	£2,618
Council Tax properties identified as empty	-	8	£ 16,454
Unregistered Council Tax properties (external provider)	-	awaited	£awaited
Business Rates (external provider)	-	awaited	£ Awaited
NFI report CTRS 436.1	96	1	£ 2,618
NFI reports Duplicate creditors	176	1	£ 69,835

Financial Information System Vs Companies House	337	67	£189,063
Housing Benefit Payees Vs Companies House	496	2	£ 2,726
HBOP Vs Companies House	3	0	£ 0.00

5.23 Due to the Single person discount exercise happening in this reporting period, the NFI SPD exercise has been placed on hold. This is with a view to screening the records produced by NFI against the screening undertaken by data-tank to ensure duplication is eliminated.

6. Prevention & Detection

6.1 Raising awareness is an integral part of fraud prevention. Hence Torbay Council has a mandatory i-learn course which employees are required to re-take periodically.

6.2 As referenced in 4.11, Torbay Council is a member of The National anti Fraud Network. The alerts received are circulated accordingly to provide awareness to the types of frauds happening. Raising awareness is a way to prevent fraud.

6.3 Often included in the alerts are details of bank accounts known to be linked to the fraud occurrences. We continue to monitor payments to ensure those bank accounts are not used in future transactions with Torbay Council.

6.4 Face-to-face training for those colleagues who are new to the organisation is now included as part of the new starters induction programme.

6.5 It is though this array of awareness that fraud is prevented. In this reporting period, we have found fake QR codes on parking equipment and have been targeted by fraudsters attempting to divert the salary of a Torbay council employee.

6.6 We introduced a relatively inexpensive tool to allow safe, secure and necessary data sharing across Local Authority departments and Boundaries, to prevent fraud across multiple departments with the added benefit of enhancing debtor tracing. It is anticipated the tool will provide income generation through improved and efficient debtor tracing, as well as reducing the number of Data Protection requests the revenues and recovery teams receive and place.

6.7 The tool is also anticipated to prevent loss as will enable pre-process and pre-billing checks. Unfortunately, we cannot put a savings to the levels of fraud prevented.

6.8 The tool has potential to provide fraud prevention and administration benefits to multiple council departments. A trial the tool has been provided by the company to the Revenues team, as this area identified to receive maximum benefit from the tool. We can report the tool has realised its cost within the trial period.

6.9 We will seek to encourage wider use of the tool across departments in Torbay Council.

6.10 We will encourage our neighbouring councils to invest in the tool, which will likely produce further results for Torbay.

6.11 Capturing a fraud risk register is crucial to provide the council with financial protection, manage its reputation, ensure legal compliance and provide operational efficiencies.

6.12 Work to encourage managers to complete fraud risk assessments has continued. As referenced in 4.7 fraud risk appears as a separate agenda item.

6.13 Individuals with access to revenues systems have been asked to complete a declaration of interest’s form. This serves as a formal reminder that system access should only be used where there is a legitimate business need. To uphold the integrity of the data held within these systems, administrators are instructed not to access their own records or those of family members, close friends, or neighbours. The declaration reinforces this requirement and supports the council’s commitment to responsible data handling and ethical system use.

6.14 The Cabinet Office worked on its own improvements with the National Fraud Initiative exercise. On 21st May 2025 a Legislative Reform Order was laid before parliament amending two Acts, the Local Audit and Accountability Act 2014 and the Public Audit (Wales) Act 2004. Following scrutiny by the House of Commons and House of Lords, became signed into Law in August 2025. The amendment allows the matching and sharing of adult social care data across Local Authorities in England and Wales. The act meant Local Authorities needed to review privacy notices to ensure compliance with GDPR regulations in relation to Adult Social Care data matching. We sought the assurance of the South Devon and NHS Trust, due to the Torbay delivery model. Adult Social Care data will be provided to the Cabinet Office by 14 November 2025. The data will be used to identify any potential frauds that may be happening within the payments for adult social care.

Rachel Worsley
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